

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

JANUARY 5, 2000

IN RE:)	
)	
APPLICATION OF GATEWAY)	DOCKET NO. 99-00499
TECHNOLOGIES, INC. AND OF T-NETIX, INC.)	
FOR AUTHORITY TO TRANSFER CONTROL)	
)	

ORDER APPROVING TRANSFER OF CONTROL

This matter came before the Tennessee Regulatory Authority ("Authority") on the Application of Gateway Technologies, Inc. and T-NETIX, Inc. (collectively the "Applicants") pursuant to the provisions of Tenn. Code Ann. § 65-4-112, for approval of a transfer of control between T-NETIX, Inc. ("T-NETIX") and T-NETIX Acquisition Corp. ("Acquisition") and Gateway Technologies, Inc. ("Gateway"). The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on August 10, 1999.

From the Application and the record existing in this mater, it appears that:

1. Gateway is a privately held corporation organized pursuant to the laws of the state of Texas. Gateway's principal offices are located at 1544 Valwood Parkway, Suite 102, Carrollton, Texas 75006. The company offers automated operator assisted calling to inmates of prisons, jails and other confinement institutions. On May 23, 1997, Gateway was granted certification to provide telecommunication services as a Reseller and Alternative Operator service Provider in Tennessee by the Authority in Docket No. 97-00017. In addition to the services provided in Tennessee, Gateway is authorized to provide institutional services in forty-

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one (41) other sates, either pursuant to certification or registration, or on an unregulated basis. Gateway is also authorized by the FCC to provide interstate services.

2. T-NETIX is a publicly held Colorado corporation with principal offices located at 67 Inverness Drive East, Englewood, Colorado 80112. On February 6, 1997, T-NETIX was granted certification to provide telecommunications services as a Reseller and Alternative Operator Service Provider in Tennessee by the Authority in Docket No. 96-01669. However, according to the Application, the company does not currently provide service to customers within Tennessee.

3. According to the Application, Gateway and T-NETIX entered into an Agreement and Plan of Merger on February 10, 1999. The transaction contemplated by the Applicants will be accomplished through the creation of a special subsidiary of T-NETIX known as T-NETIX Acquisition Corp. ("Acquisition"). Acquisition will merge with and into Gateway, and Gateway will become a wholly-owned subsidiary of T-NETIX. Upon completion of the transaction, T-NETIX will own 100% of the outstanding shares of Common Stock in Gateway Technologies, Inc.

4. The Applicants state that the transfer of control will create one of the largest inmate calling services providers within the United States. The additional size of the merged company will provide greater financial resources and flexibility as well as offer opportunities for growth that neither company could accomplish separately.

5. According to the Applicants, this transaction will be transparent to Gateway's customers because there will be no interruption of service or change in the management or operation of Gateway. The transfer of ownership will have no effect on the Gateway's name, address, contact information, services, rates or terms and conditions of service. Gateway will continue to market, brand and bill under its name. Thus, the approval of the transfer of control is

consistent with the public interest in promoting competition among telecommunications carriers in Tennessee.

I. CRITERIA FOR APPROVING TRANSFER OF CONTROL

A transfer of control between regulated public utilities is not valid until approved by the Authority under the provisions of Tenn. Code Ann. § 65-4-112. In addition, under Tenn. Code Ann. § 65-4-101, any entity that owns, operates, manages or controls [utility] systems, plant or equipment under certification by this Authority to provide utility service in the state of Tennessee, must have Authority approval as required under Tenn. Code Ann. § 65-4-112(a) which provides as follows:

(a) No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based upon careful consideration of the Application and the Exhibits thereto, and of the entire record of this matter, the Authority finds and concludes as follows:

1. That the Authority has jurisdiction over the subject matter of said Applications pursuant to Tenn. Code Ann. § 65-4-112;

2. That the transfer of control has been consummated through the Agreement and Plan entered into on June 14, 1999;

3. Through the proposed transaction, Gateway Technologies, Inc. will become a wholly-owned subsidiary of T-NETIX, Inc., but will operate as a separate entity. Gateway is currently certified to provide intrastate telecommunications services in Tennessee, and will continue to operate as a telecommunications services provider in the state after the proposed transfer of control;

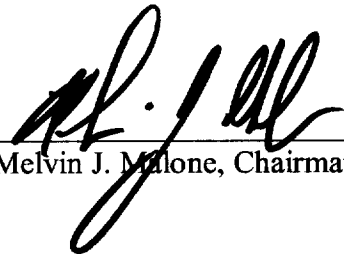
4. That this transfer of control is transparent to Gateway's customers because there will be no interruption of service or change in the management or operation of Gateway

5. That based upon the foregoing, the approval of the transfer of control is consistent with the public interest in promoting competition among telecommunications carriers in Tennessee.

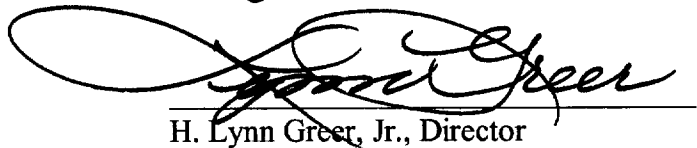
IT IS THEREFORE ORDERED THAT:

1. The Joint Application requesting approval of the transfer of control between Gateway Technologies, Inc. and T-NETIX, Inc. is approved.

2. Any party aggrieved by the Authority's decision in this matter may file an Application for Reconsideration with the Authority within ten (10) days from and after the date of this Order.



Melvin J. Malone, Chairman



H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary